State Employee Benefits Advisory Council Meeting
December 9, 2009
Statewide Benefits Office
Dover, Delaware

The State Employee Benefits Advisory Council met on December 9, 2009 in the Statewide Benefits Office, 500 W. Loockerman St., Suite 320, Dover, Delaware. The following Council members and guests were present:

Michael Nichols, SEBAC, DSP
Patricia Griffin, SEBAC, Court Admin.
Marsha Carson, SEBAC, DOS
Brenda Lakeman, OMB, SW Benefits, Director
Faith Rentz, OMB, SW Benefits
Ann Skeans, SW Benefits
Mary Thuresson, SW Benefits
Judy Anderson, DSEA
John Kenyon, AFSCME
Dave Leiter, DHSS

Ms. Lakeman called the meeting to order at 3:05 p.m. She announced the governor has designated Tom Chapman as the new SEBAC Chair, replacing Ed Tos whose term expired. Marsha Carson was introduced and welcomed as the newest SEBAC member. She is a Human Resources Specialist at the Department of State. Being a merit employee, she will serve as a merit employee on the committee. The committee has five members right now. They are: Tom Chapman, Chair; Mike Nichols, DSP; Pat Griffin, Courts; Barbara Summers, Appoquinimink School District; and Marsha Carson. She has communicated with the Governor's Office in terms of trying to get two more members for SEBAC within the next month or so.

1. Approval of Minutes

Ms. Lakeman requested a motion to approve the October 14, 2009 SEBAC minutes. Ms. Griffin made the motion and Mr. Nichols seconded the motion. Upon unanimous voice vote the minutes were approved.

Agenda Items Discussed:

2. Update of SEBC Activities – Ms. Lakeman

There will be a SEBC meeting on December 14th. There was no meeting in November due to lack of agenda items.

Director's Report

Flexible Spending (FSA) open enrollment closed and the stats for enrollment were given. There were 4,051 enrollments in Health Care; 251 in Dependent Care; and 531 who enrolled in both. The enrollments are up a little from last year. ASI, the vendor, predicted a 20% increase by offering the debit card, but our increase was only minimal. There were 1,038 who did sign up for the debit card, which is about 30% of those enrolled in the health care spending account. Employees enrolled can continue to elect to get the card when they get their confirmation statement or throughout the year.

Health Management and Employee Assistance Program (EAP) RFP Updates

Health Management is what we are now calling the Wellness/ Disease Management component. That RFP was released December 1st. Between six and eight have requested the RFP, but this is not always

an indication of who/how many will bid. Bids are due January 11th. Clarification was given that the vendor will do wellness, which is now done by DelaWELL, plus Disease Management which is now done by the health vendors themselves. One vendor will do both in order to get a better handle on our population. They can begin to manage members when well and if members become at risk or chronically ill. This will replace DelaWELL. Money that was left for DelaWELL ($2.5 million for the next two years) and monies paid to vendors ($600,000 each year) for wellness will be combined to pay for this program. The Statewide Benefits Office state employees remain in charge of the program for the state.

Employee Assistance Program RFP has been narrowed down to three finalists. Finalist interviews are January 6 or 7. It will be brought to the SEBC for recommendation hopefully in January.

House Bill 199 Update

This bill was passed in July and has to do with developmental delay screening for infants. The vendors both have this coding in place for December 1. Pediatricians and family practitioners who bill for that service will be paid separately from wellness visit coding.

Aetna

Aetna has introduced an enhanced Hospice benefit. Currently the hospice benefit is limited to 240 days or 6 months from when a person is diagnosed with a terminal illness. Aetna proposed to expand that time frame to 12 months. During a pilot study they conducted, the change resulted in a savings as well as provided enhanced quality of care. The savings during those 6 months are due to the member not being put into an acute hospital setting which is extremely expensive. The benefit will allow a member 12 months of hospice care.

Virtual Colonoscopy

Blue Cross conducted a pilot study last year on virtual colonoscopies. The procedure is done by imaging. If anything is detected on the imaging, then one proceeds to the invasive colonoscopy. Imaging costs less and a non-invasive procedure is safer. This is being put in place based on a mandate by DHSS that this option be covered by the health plans. The question for SEBC is whether to put this in place as of July 1, 2010 (when we would have to put it in place) or put it in place as of December 1. It is in place for their fully insured business as of December 1, 2009. Questions and discussion followed. Concerning costs, less than half who have the virtual colonoscopy have to proceed with an invasive colonoscopy. Once a person is cleared, a person doesn't have to have another colonoscopy for ten years unless some type of symptom occurs. If something is found and is taken care of, members must have a recheck annually or every other year. Family history is also taken into account. Ms. Lakeman will try to get more stats and percentages and a dollar figure on this. It has been reported this procedure will be a savings. Details will be obtained as to the type of imaging. Mr. Leiter stressed the need to publicize and inform employees that this procedure is as good as the non-invasive procedure and is safe.

Insurance companies have a mandate that for any plan that renews on or after December 1, 2009, the virtual colonoscopy must be offered as an option. Blue Cross and Aetna should be communicating

that as well. Ms. Lakeman will find out how this will be communicated to members. There was concern if the doctors are prepared to handle the virtual procedure and if they have the equipment, as that could affect the timing. Per Ms. Lakeman, it is likely done in a hospital setting, so doctors shouldn't be affected. It was clarified that the virtual option has to be made available to members, not that it is mandatory to use it.

Health Fund Financials

At the SEBC meeting the Fund and Equity will be reviewed up through November and the first quarter of FY10. The last few meetings have presented preliminary snap shots of what FY11 looks like and possible options to meet the shortfall. The suggestion will be made to SEBC to utilize the Medicare Part D subsidy money that will come into the fund for FY10 and FY11. It is estimated to be $8.5 million for each year for a total of $17 million. Other options would continue to need to be explored to fill the rest of the gap. The goal is to get the Committee's approval to use the Medicare Part D funds and then proceed to determine how to resolve the remaining shortfall.

Questions and discussion followed. Presently money is set aside to go into OPEB to fund retiree health benefits. In Budget Epilogue there is a section that states the SEBC has the authority to move the Medicare Part D subsidy money into OPEB. They have worked under the assumption that is what the money will be used for and haven't been putting it into the fund as revenue. Due to the magnitude of the problem for FY11, and the shortfall from last year of $22.7 million, the $17 million is needed in the current funding. There was concern about what will happen in the future for retirement benefits. Currently, a small percentage of employee payroll goes into OPEB funding and perhaps that will be increased in the future. The offset would inflict more pain to employees in changes that would have to be made if the $17 million is not used. Current retiree benefits won't be affected using the $17 million now. Laws were passed that companies had to fund future pension contributions. There were never laws requiring companies to fund other post employment benefits such as health care. Delaware has always funded their retiree health benefits; however, retiree health benefits were not funded in a separate account for the future.

Ms. Rentz explained the unfunded retiree health liability for State of Delaware employees is about $5.5 billion. If we were to fully fund that amount, the state would need about $500 million a year. More explanation followed about how much money is set aside per year. Current monies going into the retiree health fund are going toward current retiree costs. Both current and future costs need to be covered. Ms. Lakeman stated she believes the designation of where to use Medicare Part D subsidy monies will need to be determined yearly.

3. Old Business

None.

4. New Business

Group Health Plan Updates

The Health Management RFP is proposing that employees will have to do certain things in order to maintain the same benefits and premiums currently offered or at the current price. If employees do what is requested it could decrease their costs or if not, it could increase their costs in FY12. In developing a Wellness program there was concern that lower paid employees won't understand decreases in benefits. There was also concern about whether there will be consideration of employee group input before a program is chosen. Aon, the state's consultant, has been showing us how other states handle and control these costs. There is much to be done before any program is developed. Any changes will need to be well thought out, explained and communicated to employees. Changes are meant to control costs and provide access for everyone to be able to do what they need to do with expectation it would keep their costs down.

5. SEBAC Comment to SEBC

None.

Ms. Lakeman asked who had received the WellAware Newsletter from their benefit representative. Only a few confirmed receiving the newsletter. She explained what it is and will continue to impress on HR Managers and benefit representatives the importance of distributing this communication to all employees due to the updates included. Each month a benefits article is included which is intended to help people understand how their benefits work.

Public Comment

Mr. Leiter commented during several discussions. He stated employees need to have a chance to input their concerns about any new programs being developed. Employees also need to be educated so they understand new programs and what will be required of them. His experience with other employees is that they do not understand how the state health plan is set up and funded. It makes a difference if they know their money is in a fund that is coming up short. They need to understand their portion goes up in relationship to costs and Blue Cross or Aetna only administers/pays the claims.

Being no further business, Ms. Lakeman asked for a motion to adjourn. Ms. Griffin made the motion and Ms. Carson seconded the motion. Upon unanimous voice approval the meeting adjourned at 4:00 p.m.

Respectfully submitted,

Mary Thuresson
Administrative Specialist II
Statewide Benefits Unit, OMB